

Message Text

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ACTION EB-08

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ITC-01 TRSE-00 USIA-15 SP-02 SOE-02 OMB-01 DOE-11

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TAGS: ETRD, EFIN, AR

SUBJECT: CHANGES IN A. IMPORT TARIFFS AND REGULATIONS B.

EXPORT FINANCING

1. IMPORTS - RESOLUTION 1165 OF THE MINISTRY OF ECONOMY, ENACTED DECEMBER 1ST, 1977, ESTABLISHES A NEW CATEGORY FOR COLOR TELEVISION RECEIVERS WITH AN 80 PERCENT DUTY BUT BANS THEIR IMPORTATION FOR 180 DAYS FOLLOWING THE ENTRY INTO FORCE OF THE LAW. RESOLUTION 1180 OF THE MINISTRY OF ECONOMY, DATED DECEMBER 16TH, LOWERS IMPORT TARIFFS ON A WIDE VARIETY OF MINERALS AND MINERAL PRODUCTS. MOST OF THE TARIFFS WERE LOWERED FROM THE 35 PERCENT TO 60 PERCENT RANGE TO THE 25 PERCENT TO 45 PERCENT RANGE. THE MORE DRASTIC REDUCTIONS WERE: SAL FROM 60 PERCENT TO 15 PERCENT, CONSTRUCTION SAND FROM 35 PERCENT TO 10 PERCENT, CONCENTRATES OF NICKEL FROM 45 PERCENT TO 10 PERCENT, CONCENTRATES OF TUNGSTEN, VANADIUM, TANTALUM, BERYLLIUM, BISMUTH, CADMIUM, COBALT, AND COLUMBIUM FROM 45 PERCENT TO 20 PERCENT AND PROCESSED

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GYP SUM FROM 80 PERCENT TO 45 PERCENT.

2. RESOLUTION 191 AND 192 OF THE MINISTRY OF ECONOMY DATED JANUARY 25, 1978 LIBERALIZED THE IMPORTATION OF BOILERS AND MACHINERY NOT PRODUCED LOCALLY AND THEIR PARTS IN BTN CHAPTERS 84 AND 85. THE CATEGORIES AFFECTED ARE ESSENTIALLY LINE NOS. 89, 90, 98 AND 99 (PARTS AND COMPONENTS AND MACHI-

NERY NOT ELSWHERE LISTED). THESE GOODS HAVE HAD A TARIFF RANGING FROM 65 PERCENT TO 80 PERCENT, EXCEPT FOR WHEN GIVEN INVESTMENT PROMOTION BENEFITS BY THE MINISTRY OF ECONOMY OR THE SECRETARIAT FOR INDUSTRIAL DEVELOPMENT, WHICH WERE ALLOWED TO ENTER AT A 5 PERCENT TARIFF RATE. THE CHANGES STIPULATED BY THE RESOLUTIONS WILL BE IN TWO STAGES AS FOLLOWS. FIRST, TARIFFS ON THE GOODS AND PARTS NOT GIVEN A PREFERENTIAL RATE ARE LOWERED IMMEDIATELY TO 40 PERCENT; FOR THE GOODS AND PARTS FORMERLY ENTERING AT THE PREFERENTIAL 5 PERCENT RATE, ABOUT 1/3 OF THE TARIFFS ON THESE PRODUCTS WERE INCREASED TO 10 PERCENT (MAINLY IN THE GOOD PROCESSING AND PULP AND PAPER PRODUCTION MACHINERY CATEGORIES). AFTER JULY 1ST, TARIFFS ON THE GOODS NOT AFFECTED BY THE PREFERENTIAL RATE WILL BE REDUCED TO 10 PERCENT AND PREFERENTIAL TARIFF RATES WILL DISAPPEAR. SUBSEQUENTLY, NO PREFERENTIAL TARIFF RATE WILL BE GRANTED BY THE GOA FOR THE IMPORT OF THIS TYPE OF CAPITAL GOODS. ALL IMPORTERS OF THESE GOODS, WHETHER END USERS OR NOT, WILL BENEFIT BY THESE MEASURES. LOCALLY PRODUCED MACHINERY IN BTN CHAPTERS 84 AND 85 WHICH FORMERLY WAS INCLUDED IN LINE NOS. 89, 90, 98 AND 99 WILL BE ASSIGNED SEPARATE LINE NOS. AND PROTECTED BY APPROPRIATE TARIFFS. TARIFFS ON OTHER LINE ITEMS IN THESE CHAPTERS HAVE NOT BEEN ALTERED. EMBASSY WILL FORWARD COPIES OF RESOLUTION.

3. COMMENTS: THE BAN ON IMPORTING COLOR TELEVISION RECEIVERS
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IS DUE TO THE INTRODUCTION OF COLOR TELEVISION IN ARGENTINA DURING THE WORLD SOCCER CHAMPIONSHIP LATER THIS YEAR. ALTHOUGH COLOR TV SETS ARE NOT INTENDED TO BE MANUFACTURED LOCALLY FOR A WHILE, THIS MEASURE ENABLES LOCAL TV MANUFACTURERS TO BEGIN PRODUCING THESE RECEIVERS WITHOUT FOREIGN COMPETITION AND MAINTAIN THEIR POSITION AGAINST IMPORTS BY A HIGH TARIFF AFTER THE BAN IS LIFTED. MOST OF THE TARIFF REDUCTIONS ENCOMPASSED BY RESOLUTION 1180 WERE RELATIVELY MINOR (ON THE AVERAGE TARIFFS WERE CUT 15 PERCENT). THE FACT THAT THESE PRODUCTS ARE NOT MANUFACTURED LOCALLY OR IN SUFFICIENT QUANTITIES HAS BEEN THE PRIMARY CAUSE FOR THESE ACTIONS. THE MEASURES LIBERALIZING IMPORTS OF FOREIGN MADE CAPITAL GOODS WERE IMPLEMENTED TO STIMULATE NEEDED INVESTMENT IN INDUSTRIAL MACHINERY. HOWEVER, THE IMPOSITION OF TARIFFS ON SPECIFIC LOCALLY PRODUCED CAPITAL GOODS WITHIN THE GENERAL CATEGORIES AFFECTED BY THE RESOLUTION MEANS THAT ONLY IMPORTS OF RELATIVELY TECHNICALLY ADVANCED MACHINERY WILL INCREASE SIGNIFICANTLY.

4. EXPORTS: THE GOA HAS ANNOUNCED THAT IT WILL PAY EXPORT SUBSIDIES AT THE EXCHANGE RATE EXISTING AT THE DATE OF SALE OF THE MERCHANDISE RATHER THAN AT THE DATE OF ITS DEPARTURE. AS THE PESO IS OFFICIALLY DEVALUED AGAINST THE DOLLAR DAILY, THIS

WILL MEAN THAT LESS MONEY WILL BE PAID TO EXPORTERS, CONSEQUENTLY REDUCING SLIGHTLY THE COST OF THE PROGRAM.
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